



**Local Agency
Formation Commission**
LAFCO of Napa County

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JUNE 10, 2004
AGENDA ITEM NO. 8b

June 3, 2004

TO: Local Agency Formation Commission

FROM: Daniel Schwarz, Executive Officer
Keene Simonds, Analyst

SUBJECT: *Comprehensive Water Service Study*: Circle Oaks County Water District
Service Review Determinations

At its April 10, 2004 meeting, staff presented the Commission with draft determinations for the Circle Oaks County Water District as part of the *Comprehensive Water Service Study*. The draft determinations were accompanied by an updated study section for the District and were presented to the Commission for a first-reading. Following this meeting, the draft determinations and updated study section were circulated for comment to the District and interested parties in anticipation of presenting final determinations at the Commission's June 10, 2004 meeting. Copies of the written comments received from the District and interested parties along with a summary of the issues raised are attached for the Commission's review.

Three revisions and three additions to the draft determinations are identified below, and a draft resolution for the Circle Oaks County Water District is offered for the Commission's consideration and approval. This draft resolution making determinations with respect to the District's water service operations would fulfill LAFCO's mandate under California Government Code §56430. Staff also recommends that the Commission direct staff to evaluate the status of the District at the Commission's first meeting after June 1, 2006. Notably, this will establish a date for the Commission to review the progress made by the District in terms of addressing areas of concern expressed in several of the determinations proposed for adoption.

Revision No. 1:

In the report received by the Commission in April, Determination No. 8 under the "Infrastructure Needs or Deficiencies" section reads:

The capacity of the Circle Oaks County Water District's water treatment plant to meet existing maximum day water demands is marginal.

Harry Martin, Chair
Councilmember, City of Napa

Ken Slavens, Commissioner
Mayor, City of St. Helena

Lori Loporini, Alt. Commissioner
Mayor, City of American Canyon

Mike Rippey, Vice-Chair
Supervisor, 5th District

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Bill Dodd, Alt. Commissioner
Supervisor, 4th District

Guy Kay, Commissioner
Representative of the General Public

Volker Eisele, Alt. Commissioner
Representative of the General Public

Daniel Schwarz
Executive Officer

To address the District's ability to use stored reserves to help meet peak service demands that are equal or exceed the capacity of its water treatment plant, this determination has been revised to read:

The capacity of the Circle Oaks County Water District's water treatment plant to meet existing maximum day water demands is marginal. *As a result, the District will continue to rely on stored reserves to help meet maximum day demands that are equal or exceed the capacity of its water treatment plant.*

Revision No. 2:

In the report received by the Commission in April, Determination No. 9 under the "Infrastructure Needs or Deficiencies" section reads:

The Circle Oaks County Water District's maximum day water demand prior to its 2000 decision to increase usage rates and adopt a moratorium on new water service connections is beyond the current capacity of its water treatment plant.

To highlight the relationship between the District's water treatment plant capacity and its need to use stored reserves to help meet peak demand periods, this determination has been revised to read:

The Circle Oaks County Water District's maximum day water demand prior to its 2000 decision to increase usage rates and adopt a moratorium on new water service connections is beyond the current capacity of its water treatment plant. *Additional demands beyond the current capacity of its water treatment plant would increase the District's dependence on stored reserves during peak demand periods.*

Revision No. 3:

In the report received by the Commission in April, Determination No. 11 under the "Infrastructure Needs or Deficiencies" section reads:

The Circle Oaks County Water District has a policy requiring 1,500 gallons of fire storage capacity be available for each developed lot within its service area. This amount exceeds the current storage capacity of the District and is significantly more than the amounts recommended by the California Department of Health Services and Napa County Code. To account for this discrepancy, the District should review this policy. If the District determines it is appropriate to maintain the policy, a written statement of justification should be provided to its constituents.

To emphasize that LAFCO is recommending that the District review its fire storage policy, this determination has been revised to read:

The Circle Oaks County Water District has a policy requiring 1,500 gallons of fire storage capacity be available for each developed lot within its service area. This amount exceeds the current storage capacity of the District and *is distinct* from the amounts

recommended by the California Department of Health Services and Napa County Code. To account for this *difference*, the District should review this policy. If the District determines it is appropriate to maintain *or amend* the policy, a written statement of justification should be provided to its constituents.

Addition No. 1:

In its review of the April report, the California Department of Health Services commented that the District currently has sufficient source capacity (treatment and storage) to meet the minimum service requirements under its past and present peak demand periods as required under Title 22 of the California Code of Regulations. To account for this finding, the following determination has been added to the Infrastructure Needs or Deficiencies section:

Based on the review of the California Department of Health Services, the Circle Oaks County Water District's water treatment plant capacity in combination with its storage supply is adequate to meet the minimum service requirements under its past and present maximum demand conditions as required under Title 22 of the California Code of Regulations.

Addition No. 2:

The following determination has been added to the Local Accountability and Governance section for the purpose of clarifying the District's powers as it relates to establishing policies under the County Water District Act (California Water Code 30000 et. seq.).

Under its principal act, the Circle Oaks County Water District is authorized to provide a variety of municipal services, including "any act necessary to furnish sufficient water in the district for any present or future beneficial use." This includes establishing policies relating to the use and operation of its water distribution system. Accordingly, the District may develop policies that establish thresholds in excess of the minimum service requirements relating to supply, treatment, and storage as determined by the California Department of Health Services.

Addition No. 3:

The following determination has been added to the Local Accountability and Governance section to address the need for the District to provide greater documentation to its constituents in the course of evaluating the merits of current and/or future policies:

When evaluating existing or new policies, the Circle Oaks County Water District should distinguish for its constituents the minimum service requirements of a public water service provider versus the preferred operating practices of the District. This evaluation, which should be documented and provided to the public for their review, will strengthen communication between the District and its constituents and help to identify the desired level of service within the community.

RECOMMENDATION

It is recommended for the Commission to take the following actions:

- 1) Approve the form for the attached resolution making determinations with respect to the water service operations for the Circle Oaks County Water District pursuant to Government Code §56430.
- 2) Direct staff to evaluate the status of the Circle Oaks County Water District in terms of addressing its financial and operational constraints at a time specified by the Commission at its first meeting after June 1, 2006.

Respectfully submitted,

Daniel Schwarz
Executive Officer

Keene Simonds
Analyst

Attachments:

- 1) Draft Resolution
- 2) Written Comments

RESOLUTION NO. ____

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MAKING DETERMINATIONS**

**COMPREHENSIVE WATER SERVICE STUDY
SERVICE REVIEW
CIRCLE OAKS COUNTY WATER DISTRICT**

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

WHEREAS, the Commission adopted a schedule for service reviews on October 11, 2001; and

WHEREAS, pursuant to Government Code Section 56430, the Executive Officer designated a countywide service review of public water service in Napa County, which includes territory served by the Circle Oaks County Water District; and

WHEREAS, pursuant to its adopted schedule, the Commission held a public workshop on the “Comprehensive Water Service Study”, including the service review of the Circle Oaks County Water District’s water services, on June 12, 2003; and

WHEREAS, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public workshop on June 12, 2003 and at meetings of the Commission on April 8, 2004 and June 10, 2004; and

WHEREAS, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

**COMPREHENSIVE WATER SERVICE STUDY
SERVICE REVIEW
CIRCLE OAKS COUNTY WATER DISTRICT**

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
2. The Commission adopts the statement of determinations set forth in "Exhibit A" which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 10th day of June, 2004, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ATTEST: EXECUTIVE OFFICER

Clerk of the Commission

By: _____

EXHIBIT A

COMPREHENSIVE WATER SERVICE STUDY

SERVICE REVIEW

CIRCLE OAKS COUNTY WATER DISTRICT

STATEMENT OF DETERMINATIONS

1. With respect to infrastructure needs or deficiencies [Government Code §56430(a) (1)], the Commission determines that:
 - Based on the historical production capacities of its local water supplies, the Circle Oaks County Water District has an adequate supply of water to meet existing and future water demands under normal conditions within the timeframe of this study.
 - The Circle Oaks County Water District should continue to pursue opportunities to increase and enhance its available water supply by developing a water conservation program. A water conservation program, which should encompass a variety of measures to remind constituents of the importance of conservation, will reduce system demands and help to ensure an adequate supply of water during periods of below normal and dry year condition.
 - The Circle Oaks County Water District relies on groundwater to help meet existing and future water demands within its jurisdictional boundary. Although this source has proven reliable, more information is needed to determine reasonable production capacities for the affected groundwater basin. This information is needed to protect against overdraft and to preserve the long-term beneficial use of the basin.
 - The Circle Oaks County Water District should develop a groundwater monitoring program to evaluate water levels and recharge patterns within its existing well sites. At the same time, the District should establish policy objectives to manage the availability and quality of groundwater within its jurisdictional boundary to protect against unintended consequences, such as overdraft and contamination.
 - The location of the Circle Oaks County Water District service area restricts opportunities for the District to receive emergency water supplies from an outside service provider during a drought or service interruption. This issue underscores the importance of the District developing a water shortage contingency plan to maximize and conserve local water resources during periods of below normal and dry year conditions when supplies are limited.
 - The Circle Oaks County Water District's maximum day water demand is an important component in evaluating its current and future service capacities.

- In 2000, the Circle Oaks County Water District adopted a 500 percent increase to its water usage rate schedule and placed a moratorium on new water service connections. These actions subsequently decreased recorded maximum day records, making it appropriate to use demands recorded immediately prior to 2000 with respect to evaluating the infrastructure needs or deficiencies of the District.
- The capacity of the Circle Oaks County Water District's water treatment plant to meet existing maximum day water demands is marginal. As a result, the District will continue to rely on stored reserves to help meet maximum day demands that are equal or exceed the capacity of its water treatment plant.
- The Circle Oaks County Water District's maximum day water demand prior to its 2000 decision to increase usage rates and adopt a moratorium on new water service connections is beyond the current capacity of its water treatment plant. Additional demands beyond the current capacity of its water treatment plant would increase the District's dependence on stored reserves during peak demand periods.
- The Circle Oaks County Water District has adequate treated water storage capacity to meet existing and future maximum day water demands within the timeframe of this study. This ensures that the District has adequate reserves available to meet peak system demands under normal conditions.
- Based on the review of the California Department of Health Services, the Circle Oaks County Water District's water treatment plant capacity in combination with its storage supply is adequate to meet the minimum service requirements under its past and present maximum demand conditions as required under Title 22 of the California Code of Regulations.
- The Circle Oaks County Water District has a policy requiring 1,500 gallons of fire storage capacity be available for each developed lot within its service area. This amount exceeds the current storage capacity of the District and is distinct from the amounts recommended by the California Department of Health Services and Napa County Code. To account for this difference, the District should review this policy. If the District determines it is appropriate to maintain or amend the policy, a written statement of justification should be provided to its constituents.
- The Circle Oaks County Water District should work with the County of Napa Fire Department, as the local fire protection authority, to evaluate fire storage requirements for its service area.
- The Circle Oaks County Water District's water distribution system is subject to higher levels of maintenance due to unstable soil conditions underlying its jurisdictional boundary. The District should work with the Napa County Resource Conservation District to develop techniques to control and prevent soil erosion, which will provide long-term cost-savings and reduce the risk of future service interruptions.

- The Circle Oaks County Water District should evaluate the feasibility of converting its treated wastewater supply into an emergency fire protection source. The use of treated wastewater for fire protection would assist in maximizing local water resources during a fire emergency by reducing the demand on the District's potable reserves and would help to mitigate costs involving the construction of new storage facilities.

2. With respect to growth and population projections for the affected area [Government Code §56430(a) (2)], the Commission determines that:

- No new development is expected within the Circle Oaks County Water District's jurisdictional boundary because of its moratorium on new water service connections.
- The Circle Oaks County Water District is under the land use authority of the County of Napa. Land located within the District's primary service area, Unit One, is zoned "Residential Single: B-10." This zoning standard restricts future development to existing parcels within Unit One by requiring a minimum parcel size of at least 10 acres.
- Land located outside of the Circle Oaks Water District's jurisdictional boundary is designated under the County of Napa General Plan as "Agriculture, Watershed, Open Space." This land use designation discourages the Commission from approving annexation proposals to the District based on its policy to direct the extension of municipal services away from land designated for agriculture unless it is in response to a health or public safety concern.
- The calculation formula codified in Title 22 of the California Code of Regulations §64412(a)(2) is an appropriate method in estimating the total population served by Circle Oaks County Water District's water service system. The population served by the District's water system based on this calculation method is 644.

3. With respect to financing constraints and opportunities [Government Code §56430(a) (3)], the Commission determines that:

- The Circle Oaks County Water District should retain the services of a financial consultant to evaluate long-term revenue requirements and enhancement opportunities for its water service operations to meet projected operational costs and finance needed capital improvements. This evaluation should determine whether financial measures are available to rescind the moratorium on new water service connections that was established to ensure adequate service is available to existing customers.

- As part of its review of revenue enhancement opportunities, the Circle Oaks County Water District should conduct a water rate and connection fee study. One option to consider is the adoption of a new connection fee to help cover the costs of capital improvements needed to serve new development within its jurisdictional boundary. An increased connection fee would serve as a buy-in charge. This is an appropriate and equitable approach to ensuring that new development pays a fair share of past and future expenses relating to the development and maintenance of the water system.
- The Local Groundwater Management Assistance Act of 2000 provides grant funding to local public agencies to conduct studies and develop programs to protect and manage groundwater supplies. This program may provide the Circle Oaks County Water District an opportunity to secure financing for the development of a groundwater monitoring program. The District should contact the California Department of Water Resources to begin exploring funding opportunities under this program.
- The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 provides grant funding to public agencies to develop and enhance local water resources and related infrastructure and facilities. This program may provide the Circle Oaks County Water District an opportunity to secure financing for needed capital improvement projects, including expanding its treatment plant and storage capacities. The District should contact the California Department of Water Resources to begin exploring funding opportunities under this program.

4. With respect to cost avoidance opportunities [Government Code §56430(a) (4)], the Commission determines that:

- The Circle Oaks County Water District is a member of the Association of California Water Agencies, an organization comprised of over 400 public water agencies. This organization provides members with information concerning new regulations and legislation relating to water quality standards and facilitates the exchange of service information, including questions and ideas, through an association e-mail system. The District should take full advantage of the cost avoidance opportunities provided by this organization. This would include attending its conferences and workshops and participating in group discussions with other special districts sharing similar service issues and concerns.
- The Circle Oaks County Water District's decision to contract for water service operations with Phillips and Associates provides cost-savings relating to salaries, benefits, training, and certification.

5. With respect to opportunities for rate restructuring [Government Code §56430(a) (5)], the Commission determines that:
 - The Circle Oaks County Water District's water rates are – on average – the highest among all public water service providers in Napa County. The District should continue its efforts to educate its constituents with respect to the relationship between operational costs, infrastructure constraints, and water rates.
 - The Circle Oaks County Water District, as part of a long-term evaluation of revenue requirements and enhancement opportunities, should conduct a water rate and connection fee study. This study is needed in anticipation of the District increasing its water rates within the next year to support operational and capital improvement costs along with developing cash reserves.
 - In 2000, the Circle Oaks County Water District adopted an increase to its water usage rate schedule. The amended rate schedule increased the average monthly usage rate by approximately 500 percent. Although the increase was justified to be a more accurate measure of the actual costs of providing service, the increase created dissension among constituents regarding the decision-making practices of the District. Future rate increases, which should be developed as part of a water rate study, should be implemented gradually over a period of time to minimize the impact to the customer.
 - The Circle Oaks County Water District currently operates without sufficient cash reserves to help finance special projects or emergency improvements. This requires the District to rely on loans, special assessments, or bonded indebtedness to fund capital improvements or sustain operations in the event of an emergency. It is imperative that the District develop cash reserves to maintain the solvency of its water service operations.
 - The Circle Oaks County Water District should review the merits of modifying its flat water usage rate schedule in favor of a tiered schedule. A tiered rate schedule enables service providers to recover the costs of providing service to high-use customers while strengthening water conservation efforts by providing a financial incentive to conserve.
6. With respect to opportunities for shared facilities [Government Code §56430(a) (6)], the Commission determines that:
 - The Circle Oaks County Water District is restricted from participating in cost-sharing activities with other water service providers, such as joint-use facilities and projects, based on its remote service location.

7. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a) (7)], the Commission determines that:
 - The Circle Oaks County Water District is the only public agency providing water service within its jurisdictional boundary. There are two other public agencies empowered to provide water service whose jurisdictions overlap that of the District: the Napa County Flood Control and Water Conservation District and Napa County Resource Conservation District. Both of these agencies have elected not to offer water service, and have expressed no intentions of doing so in the foreseeable future.
 - The Circle Oaks County Water District is empowered under the County Water District Act to provide seven municipal services: water, sewer, land reclamation, fire, recreation, sanitation, and hydroelectric power. Currently, the District provides only water and sewer service. Until it resolves its financial and operational constraints relating to water service operations, it is not appropriate for the District to provide additional municipal services.
 - The Circle Oaks County Water District has been successful in achieving its original service objective to provide water and sewer service to the Circle Oaks community. The District continues to serve as an appropriate instrument in meeting the service needs of the community by localizing costs for the direct benefit of its constituents.
 - There are no public agencies within reasonable proximity to the Circle Oaks County Water District capable of assuming its service responsibilities.
 - It is unknown if there are advantages to pursuing a change in reorganization for the Circle Oaks County Water District due to the limited information concerning alternative government structures and any cost-benefits with respect to improving service levels within the affected area. Additional information is needed to determine whether an alternative government structure would better serve the needs of the District's constituents as it relates to improving delivery service, public participation, and local accountability.
 - Future municipal service reviews should focus on the progress of the Circle Oaks County Water District in addressing its operational and financial constraints. Future reviews should also evaluate the extent of local control constituents wish to maintain in terms of evaluating alternative governance structure options.
8. With respect to evaluation of management efficiencies [Government Code §56430(a) (8)], the Commission determines that:

- The Circle Oaks County Water District should establish written policies and procedures defining the responsibilities of its staff and designated representatives. The establishment of ministerial powers would enhance the decision-making authority of staff and designated representatives, and improve its efficiency and responsiveness to its constituents in carrying out the business of the District.
- The Circle Oaks County Water District must adopt a budget for the current and upcoming fiscal year. The adoption of a budget should follow a publicly noticed meeting in which constituents are allowed to comment and offer suggestions with respect to expenditures relating to the District's water service operations. Allowing adequate time for its constituents to review and comment on a budget proposal enhances the accountability of the District's elected and appointed officials by reinforcing community priorities in terms of managing local resources.
- It has been two years since the Circle Oaks County Water District completed an audit of its financial records. To ensure effective management and transparency in its fiscal activities, the District should retain the services of an independent auditor to review its accounting practices over the past two years.

9. With respect to local accountability and governance [Government Code §56430(a) (9)], the Commission determines that:

- The Circle Oaks County Water District's governing body is currently comprised of three directors serving on a volunteer basis. A special election is needed to fill the remaining vacated seats due to the unexpected resignations of two board members in 2003. The lack of willing participation among constituents – both past and present – to serve on the governing board has hindered the District's ability to address its operational and financial constraints.
- The lack of interest in serving on the Circle Oaks County Water District's governing board suggests a need to improve public outreach efforts. These efforts should remind constituents of the role of the District and the importance of community involvement in its decision-making process.
- The Circle Oaks County Water District should begin to recruit and acquaint new board member candidates with local service goals and objectives in anticipation of filling future board member openings. These efforts will help to ensure a viable pool of successor candidates, and provide an opportunity to cultivate new perspectives and approaches that may prove successful in meeting the service needs of the District and its constituents.
- Due to the lack of a quorum, the Circle Oaks County Water District has not met on a regular basis over the past year. To strengthen its local accountability, the District's Board members should make a concerted effort to ensure their availability to attend regularly scheduled meetings at fixed times and locations. These actions, in combination with providing written notice to its constituents of all

scheduled and rescheduled board meetings, will help ensure that information is being effectively communicated to the public in a timely and efficient manner.

- Under its principal act, the Circle Oaks County Water District is authorized to provide a variety of municipal services, including “any act necessary to furnish sufficient water in the district for any present or future beneficial use.” This includes establishing policies relating to the use and operation of its water distribution system. Accordingly, the District may develop policies that establish thresholds in excess of the minimum service requirements relating to supply, treatment, and storage as determined by the California Department of Health Services.
- When evaluating existing or new policies, the Circle Oaks County Water District should distinguish for its constituents the minimum service requirements of a public water service provider versus the preferred operating practices of the District. This evaluation, which should be documented and provided to the public for their review, will strengthen communication between the District and its constituents and help to identify the desired level of service within the community.
- The Circle Oaks County Water District should work with the Circle Oaks Homes Association to coordinate their respective efforts to better serve the Circle Oaks community.



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MEMORANDUM

June 3, 2004

TO: Local Agency Formation Commission

FROM: Keene Simonds, Analyst

SUBJECT: *Comprehensive Water Service Study*: Circle Oaks County Water District
Written Comments

Following the Commission's April 8, 2004 meeting, the draft determinations and updated study section prepared for the Circle Oaks County Water District were circulated for comment to the District and interested parties. In all, staff received eight written comments, which are attached for the Commission's review. A brief review of each comment is provided below. When appropriate, staff has included a response.

Comment Letter No. 1: Circle Oaks County Water District

On behalf of the Board of Directors, President Ronald S. Tjeerdema stated that the District is anxious to move forward in addressing several of the issues raised in the draft determinations. The President noted that the District recently authorized Phillips and Associates to prepare a report evaluating the water distribution system. This evaluation is scheduled to be part of a four-phased plan to allow the District to lift the current moratorium on water service connections and determine long-term service priorities for the community. The President added that the evaluation will be circulated for review to the public and other agencies, including LAFCO.

Comment Letter No. 2: Napa County Fire Department

Napa County Fire Department Fire Marshall Kate Dargan expressed support for Draft Determination No. 12 under the Infrastructure Needs or Deficiencies section regarding the recommendation that the District work with Napa County Fire to evaluate fire storage requirements for its service area.

Comment Letter No. 3: J. Roland Wagner

Mr. Wagner, ratepayer of the District, provided a summary of his experience regarding appointment to the Board.

Comment Letter No. 4: Michael H. Fitch

Mr. Fitch, undeveloped lot owner within Circle Oaks, cited a lack of information from the District concerning the current moratorium on new water service connections.

Harry Martin, Chair
Councilmember, City of Napa

Mike Rippey, Vice-Chair
Supervisor, 5th District

Guy Kay, Commissioner
Representative of the General Public

Ken Slavens, Commissioner
Mayor, City of St. Helena

Brad Wagenknecht, Commissioner
Supervisor, 1st District

Volker Eisele, Alt. Commissioner
Representative of the General Public

Lori Luporini, Alt. Commissioner
Mayor, City of American Canyon

Bill Dodd, Alt. Commissioner
Supervisor, 4th District

Daniel Schwarz
Executive Officer

Comment Letter No. 5: Robert J. Mack

Mr. Mack, ratepayer of the District, expressed concern regarding the financial management of the District. Mr. Mack also stated that he had not received any notices from the District regarding board elections since moving to Circle Oaks six years ago.

Comment Letter No. 6: Laurence Carr

Mr. Carr, ratepayer of the District, expressed concern that LAFCO was recommending the District reduce its fire storage capacity requirement as part of Draft Determination No. 11 under the Infrastructure Needs or Deficiencies section.

Response: This determination has been amended to emphasize LAFCO's recommendation that the District review its fire storage policy.

Comment Letter No. 7: David and Marsha Grove :

Mr. and Mrs. Grove, undeveloped lot owners within Circle Oaks, expressed objections to the financial management and policy directives of the District. The Groves also noted that the draft determinations under the Infrastructure Needs or Deficiencies section evaluating the District's water treatment plant capacity did not take into account the use of stored reserves in terms of meeting maximum water demands. The Groves also provided a timeline documenting their efforts investigating the policy directives of the District, including the current moratorium on new water service connections.

Response: The draft determinations referenced by the Groves have been amended to capture the relationship between water treatment plant capacity and stored reserves in terms of the District's ability to meet maximum day water demands. Other comments provided by the Groves, including the lack of documentation and clarity regarding several District policies, are addressed within the Local Governance and Accountability section.

Comment Letter No. 8: California Department of Health Services (DHS)

Bruce Burton, DHS District Engineer in Santa Rosa, suggested Draft Determinations No. 8 and 9 under the Infrastructure Needs or Deficiencies section be amended to capture the District's ability to use stored reserves to help meet maximum water demands. Mr. Burton added that the District's combined treatment and storage capacities are sufficient to meet maximum day water demands under Title 22 of the California Code of Regulations.

Response: Both determinations cited by Mr. Burton have been amended to capture the relationship between water treatment plant capacity and stored reserves in terms of the District's ability to meet maximum day water demands. A new determination has also been added to the Infrastructure Needs or Deficiencies section documenting DHS' review of the District's water distribution system.

Enclosures: as stated